

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF WISCONSIN**

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UNITED STATES OF AMERICA,)
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Plaintiff,)
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 v.) **Civil No.**
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JOHN A. WARD and LAURIE A. WARD,)
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Defendants.)

COMPLAINT

The United States of America alleges as follows:

1. This is a civil action brought by the United States to reduce to judgment, assessments of federal taxes owed by defendants, John A. Ward and Laurie A. Ward.
2. This action has been authorized by a delegate of the Secretary of the Treasury of the United States of America and is brought under the direction of the Attorney General of the United States pursuant to Title 26, United States Code, Sections 7401 and 7403 (the Internal Revenue Code of 1986).
3. This Court has jurisdiction over this action pursuant to Title 28, United States Code, Sections 1340 and 1345, and under Section 7402 of Title 26, United States Code.
4. Defendants John A. Ward and Laurie A. Ward reside in Kenosha, Wisconsin, within the jurisdiction of this Court and where the tax liabilities accrued.

**Allegations Concerning Income Tax Liabilities
of John A. Ward and Laurie A. Ward**

5. On the following dates, a delegate of the Secretary of the Treasury timely made assessments against John A. Ward and Laurie A. Ward jointly for federal income taxes, statutory

interest and/or additions to tax in the following amounts and gave notice and made demand for payment:

<u>YEAR</u>	<u>DATES OF ASSESSMENT</u>	<u>AMOUNTS ASSESSED</u>	<u>UNPAID BALANCE as of 6-28-2010 1/</u>
1997	December 18, 2000	\$ 18,297.00 (1) 806.00 (2) 3,440.47 (3) 2,523.01 (4) 4,413.35 (5)	
	May 28, 2007	44.00 (6)	\$ 26,089.03
1998	December 25, 2000	\$ 14,412.00 (1) 496.00 (2) 2,539.12 (3) 1,184.92 (4) 2,125.31 (5)	\$ 32,263.31
1999	December 25, 2000	\$ 23,343.00 (1) 605.00 (2) 4,561.87 (3) 912.37 (4) 1,600.55 (5)	\$ 53,512.85
2000	November 26, 2001	\$ 21,999.00 (1) 1,003.00 (2) 759.28 (4) 878.24 (5)	
	December 3, 2001	29.04 (5)	\$ 38,393.85

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- (1) tax assessed
 - (2) estimated tax penalty
 - (3) late filing penalty
 - (4) late payment penalty
 - (5) interest assessed
 - (6) fees and collection costs

1/The unpaid balance includes accrued but unassessed interest, penalties and fees.

<u>YEAR</u>	<u>DATES OF ASSESSMENT</u>	<u>AMOUNTS ASSESSED</u>	<u>UNPAID BALANCE as of 6-28-2010 2/</u>
2007	November 10, 2008	\$ 44,797.00 (1) 981.75 (4) 904.77 (5)	\$ 37,450.75
2008	December 7, 2009	\$ 43,519.00 (1) 966.85 (2) 1,464.52 (4) 959.22 (5)	\$ 42,184.91
TOTAL: \$ 229,894.70			

- (1) tax assessed
- (2) estimated tax penalty
- (3) late filing penalty
- (4) late payment penalty
- (5) interest assessed
- (6) fees and collection costs

6. Subsequent to the notices and demand for payment of these assessments, the defendants John A. Ward and Laurie A. Ward have refused, neglected and failed to pay the assessments set out in ¶ 5, above.

7. In addition to the unpaid federal tax assessments and accruals referred to in ¶ 5, above, totaling \$ 229,894.70 as of June 28, 2010, the defendants John A. Ward and Laurie A. Ward are further indebted, jointly and severally, to the United States for accrued, but unassessed penalties, fees and interest according to law on and after June 28, 2010.

Allegations Concerning Income Tax Liabilities of John A. Ward

8. On the following dates, a delegate of the Secretary of the Treasury timely made assessments against John A. Ward for federal income taxes, statutory interest and/or additions to tax in the following amounts and gave notice and made demand for payment:

2/The unpaid balance includes accrued but unassessed interest, penalties and fees.

<u>YEAR</u>	<u>DATES OF ASSESSMENT</u>	<u>AMOUNTS ASSESSED</u>	<u>UNPAID BALANCE as of 6-28-2010 3/</u>
2001	July 30, 2007	\$ 16,101.00 (1) 992.47 (3) 1,102.75 (4) 1,971.68 (5)	\$ 9,907.17
2002	July 2, 2007	\$ 15,238.00 (1) 3,159.45 (3) 3,510.50 (4) 4,958.18 (5)	\$ 30,182.44
2003	July 9, 2007	\$ 11,439.00 (1) 101.00 (2) 1,053.67 (3) 913.18 (4) 1,338.60 (5)	\$ 9,754.39
2004	June 25, 2007	\$ 19,976.00 (1) 2,928.82 (3) 1,757.29 (4) 2,677.31 (5)	
	December 10, 2007	22.00 (6)	\$ 25,521.62
2006	June 25, 2007	\$ 6,337.00 (1) 27.24 (4) 28.48 (5)	
	August 10, 2009	7,168.00 (7) 35,841.00 (1)	\$ 56,392.58
		TOTAL:	\$ 131,758.20

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- (1) tax assessed
 (2) estimated tax penalty
 (3) late filing penalty
 (4) late payment penalty
 (5) interest assessed
 (6) fees and collection costs
 (7) accuracy-related penalty under § 6662

3/The unpaid balance includes accrued but unassessed interest, penalties and fees.

9. Subsequent to the notices and demand for payment of these assessments, defendant John A. Ward has refused, neglected and failed to pay the assessments set out in ¶ 8, above.

10. In addition to the unpaid federal tax assessments and accruals referred to in ¶ 8, above, totaling \$ 131,758.20 as of June 28, 2010, defendant John A. Ward is further indebted to the United States for accrued, but unassessed penalties, fees and interest according to law on and after June 28, 2010.

Allegations Concerning Income Tax Liabilities of Laurie A. Ward

11. On the following dates, a delegate of the Secretary of the Treasury timely made assessments against Laurie A. Ward for federal income taxes, statutory interest and/or additions to tax in the following amounts and gave notice and made demand for payment:

<u>YEAR</u>	<u>DATES OF ASSESSMENT</u>	<u>AMOUNTS ASSESSED</u>	<u>UNPAID BALANCE as of 7-05-2010 4/</u>
2001	July 23, 2007	\$ 16,101.00 (1) 3,242.47 (3) 3,602.75 (4) 6,536.34 (5)	\$ 32,552.87
2002	October 15, 2007	\$ 15,238.00 (1) 465.00 (2) 3,159.45 (3) 3,510.50 (4) 5,474.01 (5)	\$ 30,646.34

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- (1) tax assessed
 (2) estimated tax penalty
 (3) late filing penalty
 (4) late payment penalty
 (5) interest assessed
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4/The unpaid balance includes accrued but unassessed interest, penalties and fees.

<u>YEAR</u>	<u>DATES OF ASSESSMENT</u>	<u>AMOUNTS ASSESSED</u>	<u>UNPAID BALANCE as of 7-05-2010 5/</u>
2003	July 30, 2007	\$ 11,659.00 (1) 1,103.17 (3) 980.60 (4) 1,435.65 (5)	\$ 10,095.04
2004	June 25, 2007	\$ 20,798.00 (1) 3,113.77 (3) 1,578.39 (4) 2,540.17 (5)	\$ 18,210.72
TOTAL:			\$ 91,504.97

- (1) tax assessed
- (2) estimated tax penalty
- (3) late filing penalty
- (4) late payment penalty
- (5) interest assessed

12. Subsequent to the notices and demand for payment of these assessments, defendant Laurie A. Ward has refused, neglected and failed to pay the assessments set out in ¶ 11, above.
13. In addition to the unpaid federal income tax assessments and accruals referred to in ¶ 11, above, totaling \$ 91,504.97 as of July 5, 2010, the defendant Laurie A. Ward is further indebted to the United States for accrued, but unassessed penalties, fees and interest according to law on and after July 5, 2010.

**Allegations Concerning Trust Fund Recovery Penalties
Assessed Against John A. Ward**

14. A delegate of the Secretary of the Treasury made an assessment of tax liability pursuant to I.R.C. § 6672 on November 26, 2001, against John A. Ward for the tax periods and in the amounts set forth below:

5/The unpaid balance includes accrued but unassessed interest, penalties and fees.

<u>TAX QUARTER ENDED</u>	<u>AMOUNT ASSESSED</u>	<u>UNPAID BALANCE as of 6-28-2010</u> ⁶
September 30, 1996	\$ 9,486.44	\$ 9,925.44
March 31, 1997	4,106.03	6,744.69
September 30, 1997	4,656.99	7,649.72
March 31, 1998	11,267.95	18,509.11
June 30, 1998	9,389.44	15,423.44
September 30, 1998	14,543.54	23,889.72
December 31, 1998	9,801.67	16,100.55
March 31, 1999	291.47	478.81
June 30, 1999	2,035.24	3,343.13
September 30, 1999	4,378.16	7,191.71
December 31, 1999	4,456.11	7,319.77
December 31, 2000	5,819.97	9,560.04
March 31, 2001	6,634.19	<u>10,897.56</u>
		TOTAL: \$ 137,033.69

15. The tax liability described in ¶ 14, above, is based upon the failure of John A. Ward to perform his duty to collect, truthfully account for, and pay over the federal income and Federal Insurance Contribution Act (FICA) taxes that were required to be withheld from the wages of employees of the Law Offices of John Ward, S.C.

16. Proper notice and demand for payment of the aforementioned assessments were served on the defendant John A. Ward on or about the date the assessments were made.

17. The defendant John A. Ward is liable to the United States for the unpaid balance of the I.R.C. § 6672 trust fund recovery penalty assessments set forth in ¶ 14, above, in the amount of \$ 137,033.69 as of June 28, 2010, plus interest, fees, and costs accruing on and after June 28, 2010, as allowed by law.

⁶/The unpaid balance includes accrued but unassessed interest and fees.

WHEREFORE, the plaintiff, United States of America, requests as follows:

- (a) That this Court adjudge and decree that defendants John A. Ward and Laurie A. Ward are jointly and severally liable to the United States for the unpaid balance of the federal income tax assessments totaling \$ 229,894.70 as of June 28, 2010, plus accrued interest, penalties, fees, and additional costs as allowed by law after June 28, 2010, and that the United States have judgment, joint and several, against them for that amount;
- (b) That this Court adjudge and decree that defendant John A. Ward is indebted to the United States for the unpaid balance of the federal income tax assessments totaling \$ 131,758.20 as of June 28, 2010, plus accrued interest, penalties, fees, and additional costs as allowed by law after June 28, 2010, and that the United States have judgment against him for that amount;
- (c) That this Court adjudge and decree that defendant Laurie A. Ward is indebted to the United States for the unpaid balance of the federal income tax assessments totaling \$ 91,504.97 as of July 5, 2010, plus accrued interest, penalties, fees, and additional costs as allowed by law after July 5, 2010, and that the United States have judgment against her for that amount;
- (d) That this Court adjudge and decree that defendant John A. Ward is indebted to the United States for the unpaid balance of the federal trust fund recovery penalty assessments totaling \$ 137,033.69 as of June 28, 2010, plus accrued interest, penalties, fees, and additional costs as allowed by law after June 28, 2010, and that the United States have judgment against him for that amount;

(e) That the plaintiff, United States, be granted such other relief as this Court deems necessary and proper under the circumstances, including costs and fees.

Dated this 8th day of October, 2010.

JAMES L. SANTELLE
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